

Message Text

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ACTION EUR-12

INFO OCT-01 IO-14 ISO-00 CIAE-00 COME-00 EB-08 INR-07
LAB-04 NSAE-00 SIL-01 /047 W
-----107071 101758Z /47

R 101547Z JAN 78
FM AMEMBASSY BONN
TO SECSTATE WASHDC 4636
INFO AMCONSUL BREMEN
AMCONSUL DUSSELDORF
AMCONSUL FRANKFURT
AMCONSUL HAMBURG
AMCONSUL MUNICH
AMCONSUL STUTTGART
USMISSION USBERLIN
USMISSION USNATO
USMISSION GENEVA
AMEMBASSY BERLIN
AMEMBASSY BRUSSELS

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USEEC ALSO FOR EMBASSY

E.O. 11652: N/A
TAGS: ELAB, GW
SUBJECT: UNEMPLOYMENT CONTINUES TO CLIMB ON SEASONAL
GROUNDS IN DECEMBER

REF: (A) BONN 00157; (B) BONN 20540 (1977)

SUMMARY: WHILE THE FEDERAL EMPLOYMENT SERVICE, GOVERN-
MENT, SPD/FDP COALITION AND CDU/CSU OPPOSITION PARTIES
ATTRIBUTED THE RENEWED INCREASE IN UNEMPLOY-
MENT FROM 4.4 PERCENT IN NOVEMBER TO 4.8 PERCENT IN
DECEMBER TO SEASONAL FACTORS, THE NEARTERM PROSPECTS
FOR 1978 REMAIN GLOOMY AND THERE ARE ONLY FAINT HOPES
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THAT AVERAGE UNEMPLOYMENT FOR 1978 MAY BE REDUCED TO
LESS THAN 1 MILLION. THE CDU/CSU OPPOSITION RE-
AFFIRMED CHARGES THAT THE GOVERNMENT HAD BEEN INACTIVE
IN COMBATTING UNEMPLOYMENT, AND THAT ITS MEASURES
HAD BEEN TOO LITTLE, TOO LATE. WHILE SPD EMPLOYMENT
EXPERTS URGED THE GOVERNMENT TO HURRY UP THE IMPE-
MENTATION OF VARIOUS PROGRAMS ANNOUNCED EARLIER (REF

B), INCLUDING THE ENACTMENT OF LEGISLATION TO CURB OVERTIME WORK, FDP REPRESENTATIVES WARNED AGAINST ANY HASTY MEASURES. END SUMMARY.

1. AN UPDATED REVIEW OF THE UNEMPLOYMENT STATISTICS FOLLOWS (ALL TOTALS IN THOUSANDS, ALL RATES IN PERCENTAGES):

UNEMPLOYMENT COMPARISONS

	DECEMBER 77		NOVEMBER 77		DECEMBER 76	
	TOTAL	RATE	TOTAL	RATE	TOTAL	RATE
SEAS.ADJ.	1.027		1.036		1.017	
NON-SEAS.	1.090.7	4.8	1.004.3	4.4	1.089.9	4.8
ADJ.						
MEN	559.3	4.0	481.6	3.4	573.4	4.0
WOMEN	531.4	6.2	522.7	6.1	516.6	6.1
REG. JOB	185.9		199.1		185.9	
OPENINGS						
PART TIME	258.0		234.2		213.8	
WORKERS						
FOREIGN	105.7	5.3	97.2	4.9	95.0	4.6
WORKERS						
YOUTH	97.8	4.6	95.7	4.5	103.0	4.6
(UNDER 20)						

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2. THE PRESIDENT OF THE FEDERAL EMPLOYMENT SERVICE, JOSEF STINGL, SAID THAT THE INCREASE IN NON-SEASONALLY ADJUSTED FIGURES WAS SMALLER THAN ORIGINALLY EXPECTED, AND ATTRIBUTED THIS DEVELOPMENT TO THE COMPARATIVELY MILD WINTER WEATHER DURING DECEMBER. NEVERTHELESS, STINGL CONTINUED, HE DOES NOT SEE PROSPECTS FOR ANY MAJOR IMPROVEMENT OF THE LABOR MARKET SITUATION IN 1978, REITERATING EARLIER CONCERNS THAT AVERAGE UNEMPLOYMENT WILL REMAIN ABOVE THE 1 MILLION MARK. HE WARNED, HOWEVER, AGAINST THE DANGER OF GETTING ACCUSTOMED TO THE HIGH UNEMPLOYMENT FIGURES OF THE LAST THREE YEARS.

3. SEASONALLY ADJUSTED FIGURES DECLINED 9,000 TO 1,027,000 IN DECEMBER COMPARED SEASONALLY WITH NOVEMBER. HOWEVER, THERE IS SOME DISCREPANCY IN THE ADJUSTED FIGURES BECAUSE THE FEDERAL EMPLOYMENT SERVICE MADE A DOWNWARD ADJUSTMENT OF THESE FIGURES BEGINNING IN JULY 1977. NEVERTHELESS, THE SEASONALLY ADJUSTED FIGURE FOR DECEMBER 1977 WAS 10,000 HIGHER THAN ONE YEAR EARLIER.

4. THE MONTHLY AVERAGE NUMBER OF UNEMPLOYED FOR THE

YEAR 1977 WAS 1,030,000 OR 4.5 PERCENT, COMPARED WITH

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AN AVERAGE OF 1,060,300 OR 4.6 PERCENT IN 1976, AND
1,073,000 OR 4.7 PERCENT IN 1975. DECEMBER WAS THE
FIRST MONTH SINCE JUNE 1977, WHEN NON-SEASONALLY AD-
JUSTED UNEMPLOYMENT WAS AT THE SAME LEVEL INSTEAD OF
HIGHER THAN THE SAME MONTH ONE YEAR EARLIER.

5. THE NUMBER OF FOREIGNERS REGISTERED AS UNEMPLOYED
INCREASED 8,500 OR 8.8 PERCENT TO 105,700 DURING
DECEMBER, WHICH IS 11.2 PERCENT HIGHER THAN ONE YEAR
EARLIER. THE UNEMPLOYMENT RATE AMONG THE FOREIGN
COMMUNITY ROSE FROM 4.6 PERCENT IN DECEMBER 1976 TO
5.3 PERCENT IN DECEMBER 1977. THE FEDERAL EMPLOYMENT
SERVICE STATES THAT THE FACTOR RESPONSIBLE FOR THIS
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DEVELOPMENT IS: THE LEGALIZATION OF THE ENTRY OF FOREIGN YOUTHS (FAMILY MEMBERS OF FOREIGN WORKERS ALREADY IN THE FRG) WHO ARRIVED IN THE FRG IN 1975 AND 1976, AND WHO ORIGINALLY WERE REFUSED EMPLOYMENT PERMITS. REGULATIONS WERE LIBERALIZED THUS GIVING THESE FAMILY MEMBERS OF FOREIGN WORKERS IN THE FRG AN OPPORTUNITY TO REGISTER AS UNEMPLOYED IN THE COMPETENT LOCAL EMPLOYMENT OFFICES EVEN IF THEY HAD OPPOSIT FRG BEFORE.

6. ON A REGIONAL BASIS, THE HIGHEST RATES OF INCREASE IN UNEMPLOYMENT IN DECEMBER WERE REGISTERED IN NORTHERN BAVARIA (21.9 PERCENT OR 18,200) AND IN SOUTHERN BAVARIA (18.5 PERCENT OR 16,400) REFLECTING THE DOMINATING DEPENDENCE ON SEASONAL FACTORS IN THESE AREAS. AS IN PREVIOUS MONTHS, THE LOWEST UNEMPLOYMENT RATES WERE RECORDED IN BADEN-WUERTEMBERG (2.9 PERCENT), AND HESSE (3.9 PERCENT). THE HIGHEST UNEMPLOYMENT RATES AGAIN WERE IN LOWER SAXONY-BREMEN (5.9 PERCENT), FOLLOWED BY NORTH BAVARIA (5.7 PERCENT), RHINELAND-PALATINATE-SAARLAND (5.6 PERCENT), AND NORTH RHINE-WESTPHALIA (5.2 PERCENT). THE FEDERAL EMPLOYMENT SERVICE POINTS OUT THAT, COMPARED WITH DECEMBER 1976, THE SITUATION HAS IMPROVED IN BADEN-WUERTEMBERG, HESSE AND BAVARIA, BUT HAS DETERIORATED IN THE OTHER AREAS.

7. SPOKESMEN FOR THE SPD/FDP COALITION AND THE CDU/CSU OPPOSITION WERE IN BASIC AGREEMENT ON THE SEASONAL CHARACTER OF THE UNEMPLOYMENT INCREASE. CDU BUNDESTAG DEPUTY ADOLF MUELLER CHARGED THAT IN SPITE OF ITS PROMISES AND PROGRAMS, THE GOVERNMENT HAD BEEN UNABLE TO ELIMINATE THE EVIL OF UNEMPLOYMENT WHICH FOR THREE

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YEARS NOW HAD BEEN ABOVE AN ANNUAL AVERAGE OF 4.5 PERCENT. HE DENOUNCED GOVERNMENT MEASURES AS FALSE OR HAVING COME TOO LATE. SPD BUNDESTAG DEPUTY EUGEN GLOMBIG, THE PARTY EXPERT ON SOCIAL AFFAIRS, SUGGESTED ADDITIONAL MEASURES IN THE MANPOWER SECTOR TO SUPPLEMENT ECONOMIC INCENTIVES, SUCH AS AN AMENDMENT OF WORKING TIME REGULATIONS TO CURB OVERTIME, INTRODUCTION OF A 10TH YEAR OF COMPULSORY EDUCATION TO PROVIDE VOCATIONAL TRAINING, AND AN ADDITIONAL PROGRAM TO COMBAT YOUTH UNEMPLOYMENT. FDP BUNDESTAG DEPUTY CRONENBERG WARNED, HOWEVER, AGAINST ANY "HECTIC ACTIONISM" POINTING

OUT THAT THE VARIOUS ECONOMIC INCENTIVE AND MANPOWER PROGRAMS INITIATED BY THE GOVERNMENT IN RECENT MONTHS WILL UNDOUBTEDLY PRODUCE THE DESIRED EFFECT. HE ALSO WARNED UNIONS AND EMPLOYERS' ASSOCIATIONS TO TAKE THE DEPRECIATION OF THE US DOLLAR AND THE SUBSEQUENT PRICE INCREASE FOR GERMAN PRODUCTS ABROAD INTO ACCOUNT IN THE FORTHCOMING WAGE NEGOTIATIONS.

8. THE FEDERAL EMPLOYMENT SERVICE HAS NOW PUBLISHED EMPLOYMENT FIGURES FOR MARCH 1977 INVOLVING WORKERS COVERED BY SOCIAL SECURITY (OVER 90 PERCENT OF THE WAGE AND SALARY EARNING LABOR FORCE). THE TOTAL NUMBER OF EMPLOYED BLUE COLLAR WORKERS AND SALARIED EMPLOYEES DECLINED 18,100 OR 0.1 PERCENT DURING THE FIRST QUARTER OF 1976 TO 19,859,800, BUT WAS 10,300 (0.1 PERCENT) HIGHER THAN ONE YEAR EARLIER ON MARCH 31, 1976. THE EMPLOYMENT TOTAL RECORDED ON MARCH 31, 1977, INCLUDES 1,877,100 FOREIGNERS (A RATE OF 9.5 PERCENT), 60,500 OR 3.1 PERCENT LESS THAN RECORDED ONE YEAR EARLIER.
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